

Program C: Debt Management

Program Authorization: La. Constitution, Article VII, Sections 6 and 8; R.S. 39:1401 et seq.

PROGRAM DESCRIPTION

The mission of the Debt Management Program is to provide staff to assist the State Bond Commission to carry out its constitutional and statutory mandates.

The State Bond Commission was created pursuant to Article VII, Section 8 of the Louisiana Constitution of 1974. Its purpose is to monitor, regulate, and coordinate state and local debt and provide for the issuance of debt and arrange for notices and sale of bonds.

The goal of the Debt Management Program is to provide assistance to the State Bond Commission by preparing all documentation for the issuance of state debt, reviewing all applications from political subdivisions for approval to issue debt, levy taxes, obtain loans, and accounting for and servicing state debt.

Annually, the state treasury manages approximately \$200 million in new state general obligation debt; provides oversight on approximately \$158 million in loans by local governments; and authorizes new debt that averages \$385 million for local governments.

As of November 2000, Louisiana has the following bond ratings from the New York bond-rating firms.

Moody's	A2
Standard & Poors	A
Fitch Investors	A

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1.(KEY) To convert existing data in the old state debt tracking system to the new state debt tracking system.

Strategic Link: This operational objective is related to the Debt Management Program's Strategic Strategy I.1.5: *Convert existing data in the old tracking system and complete a phase out of the old state debt tracking system.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: Completion of this objective will allow the Debt Management Program to maintain a current data base used to analyze debt applications.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage of data from "old" debt tracking system input into "new" debt tracking system	Not applicable ¹	Not available ¹	100% ²	100% ²	100% ²	100%
K	Percentage completion of project to replace debt tracking system	Not applicable ¹	Not available ¹	100% ³	100% ³	100% ³	100%

¹ This was a new performance indicator in FY 2000-2001. It did not appear under Act 10 of 1999 and does not have a FY 1999-2000 performance standard. Performance data for this indicator were not tracked or reported on in FY 1999-2000.

² According to the agency's FY 2000-2001 First Quarter Performance Progress Report, the Debt Management Program has changed its interim targets to reflect a change from 100% to 75% of 'data input into new tracking system'. The agency revised targets because the database of debt history did not transfer to the new system accurately. Additionally, the new system does not generate the correct reports. A manual process is now required to verify and correct data in the database. Debt Management Program anticipates that the 100% of the data will be entered into the new system by yearend of FY 2001-2002.

³ According to the agency's FY 2000-2001 First Quarter Performance Progress Report, the Debt Management Program has changed its interim targets to reflect a change from 100% to 50% 'of completion of projects to replace debt tracking system'. The agency revised targets because the database of debt history did not transfer to the new system accurately. Additionally, the new system does not generate the correct reports. A manual process is now required to verify and correct data in the database. The Debt Management program anticipates 100% completion by yearend of FY 2001-2002.

2. (KEY) To take steps to place State Bond Commission meeting agendas on the Internet for purchase by customers by June 30, 2002.

Strategic Link: This operational objective is within the program's overall mission and goals to provide assistance to the State Bond Commission in meeting its constitutional mandate.

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: Completion of the objective will provide greater service to customers of the State Bond Commission.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND	ACTUAL	ACT 11	EXISTING	AT	AT
		PERFORMANCE	YEAREND	PERFORMANCE	PERFORMANCE	CONTINUATION	RECOMMENDED
		STANDARD FY 1999-2000	PERFORMANCE FY 1999-2000	STANDARD FY 2000-2001	STANDARD FY 2000-2001	BUDGET LEVEL FY 2001-2002	BUDGET LEVEL FY 2001-2002
K	Percentage completion of project to offer State Bond Commission agendas on the Internet	Not applicable ¹	Not applicable ¹	Not applicable ¹	Not applicable ¹	100%	100%

¹ This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and does not have a performance standard for FY 1999-2000 or FY 2000-2001. This project will not commence until FY 2001-2002, therefore, prior year information and a yearend estimate for FY 2000-2001 are not applicable.

GENERAL PERFORMANCE INFORMATION: DEBT MANAGEMENT

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of specified general obligation bond sales completed	1 ¹	1	1 ²	0	0
Dollar amount of new general obligation bonds sold (in millions)	\$0	\$225.625	\$207.750	\$0	\$0
Number of bond issues managed (state level)	50	37	30	29	21
Dollar amount of debt service paid (in millions)	\$315.760	\$225.060	\$257.320	\$228.760	\$131.680
Percentage of debt service payments that are timely and accurate	100%	100%	100%	100%	100%
Number of defaults of publicly held debt (state level)	0	0	0	0	0
Number of local government elections reviewed	282	350	275	257	241
Number of local government lease purchases reviewed	55	60	41	122	19
Total number of reviews conducted to assist with debt issuance	557	1,216	423	3,352	334
Total par amount of issues reviewed (in millions)	\$1,874.2	\$1,242.5	\$1,280.0	\$4,250.0	\$4,815.0

¹ This was a refunding sale to refund \$426.525 million in old debt.

² Sale represented \$338.09 million in refunding old debt and \$207.75 in new general obligation debt.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	2,128,324	2,130,632	2,130,632	2,125,134	2,123,574	(7,058)
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	\$2,128,324	\$2,130,632	\$2,130,632	\$2,125,134	\$2,123,574	(\$7,058)
EXPENDITURES & REQUEST:						
Salaries	\$371,497	\$360,026	\$360,026	\$368,588	\$368,588	\$8,562
Other Compensation	15,522	27,300	27,300	27,300	27,300	0
Related Benefits	63,889	58,984	58,984	60,325	60,325	1,341
Total Operating Expenses	57,048	78,015	78,015	79,575	78,015	0
Professional Services	210,944	205,596	205,596	205,596	205,596	0
Total Other Charges	1,401,383	1,357,350	1,357,350	1,357,350	1,357,350	0
Total Acq. & Major Repairs	8,041	43,361	43,361	26,400	26,400	(16,961)
TOTAL EXPENDITURES AND REQUEST	\$2,128,324	\$2,130,632	\$2,130,632	\$2,125,134	\$2,123,574	(\$7,058)
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	9	8	8	8	8	0
Unclassified	1	1	1	1	1	0
TOTAL	10	9	9	9	9	0

SOURCE OF FUNDING

This program is funded with Fees and Self-generated Revenues. Fees and Self-generated Revenues are derived from the following: (1) a \$100 bond application fee and, if approved, one-fifteenth of one per cent of the appropriated amount for all public issues; and (2) a \$1,500 bond application fee and, if approved, 1/8 of 1% of the appropriated amount for all private issues.

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$2,130,632	9	ACT 11 FISCAL YEAR 2000-2001
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$0	\$2,130,632	9	EXISTING OPERATING BUDGET – December 15, 2000
\$0	\$4,971	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
\$0	\$4,932	0	Classified State Employees Merit Increases for FY 2001-2002
\$0	\$26,400	0	Acquisitions & Major Repairs
\$0	(\$43,361)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$2,123,574	9	TOTAL RECOMMENDED

The total means of financing for this program is recommended at 99.7% of the existing operating budget. It represents 99.6% of the total request (\$2,130,963) for this program. At the recommended level of funding, approximately the same amount of services should be provided.

PROFESSIONAL SERVICES

\$176,800	Financial Advisor to State Bond Commission
\$14,500	Computer Support and Maintenance, to be determined
\$14,296	Court reporting for State Bond Commission meetings
\$205,596	TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$1,299,152 Excess fee reimbursement for review and approval of applications of public and private tax exempt bond issues

\$1,299,152 SUB-TOTAL OTHER CHARGES

Interagency Transfers:

\$38,804 Legal services provided by the Department of Justice

\$19,394 LSU intern program

\$58,198 SUB-TOTAL INTERAGENCY TRANSFERS

\$1,357,350 TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$26,400 Replacement of outdated personal computers

\$26,400 TOTAL ACQUISITIONS AND MAJOR REPAIRS